

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0031-03
Bill No.: SB 48
Subject: Licenses – Professional; Department of Insurance
Type: Original
Date: January 29, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	(\$704,508)	(\$643,163)	(\$660,275)
Total Estimated Net Effect on General Revenue Fund	(\$704,508)	(\$643,163)	(\$660,275)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Criminal Records Systems	\$85,205	\$101,302	\$100,335
Total Estimated Net Effect on Other State Funds	\$85,205	\$101,302	\$100,335

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Secretary of State (SOS)** assume security guards and security guard firms will be licensed by the Department of Insurance. The Department of Insurance will promulgate rules to implement this proposal. Based on experience with other divisions, the rules, regulations, and forms issued by the Department of Insurance could require as many as 16 pages in the Code of State Regulations. For any given rule, roughly half again as many pages are published in the Missouri Register as in the Code because cost statements, fiscal notes, and the like are not repeated in the Code. The estimated cost of a page in the Missouri register is \$23.00 and the estimated cost of a page in the Code of State Regulations is \$27.00. Based on these costs, the estimated cost of the proposal is \$984 in FY 03 and unknown in subsequent years. The actual cost could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded, or withdrawn.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which would require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

ASSUMPTION (continued)

Officials from the **Department of Public Safety – Missouri State Highway Patrol (MHP)** assume the Criminal Records and Identification Division will process 10,000 security applications per year as a result of the proposed legislation. The MHP will require 1 FTE Fingerprint Technician (at \$24,492 per year) to enter and process fingerprint data. This FTE would be a second or third shift employee and would use existing office equipment. Therefore, no additional equipment or expense would be incurred. The MHP assumes the proposed legislation would affect Total State Revenue from the fingerprint processing fees by the Patrol's Criminal Records and Identification Division. The MHP estimates the state revenue generated by processing fingerprints to be \$140,000 per year (\$14.00 per application x 10,000 applications per year) and the federal revenue generated by processing fingerprints to be \$240,000 per year (\$24.00 per application x 10,000 applications per year). This federal revenue passes through the MHP. The MHP estimates the net revenue of this proposal to be \$85,205 in FY 04; \$101,302 in FY 05; and \$100,335 in FY 06.

Officials from the **Department of Insurance (INS)** assume they would process approximately 10,000 applications per year. INS assumes the examination process would be contracted out and the applicant would be responsible for the cost of examination. If INS is required to do the examination, then costs would be considerably higher. INS also assumes that firearm certification would be done by other agencies or vendors and INS would be responsible only for approving the training. INS assumes they would require 1 FTE Program Manager (at \$40,188 per year) to oversee the program because licensing of security guards and firms does not fit with any current activity within INS; 6 FTE Licensing Technicians II (at \$24,936 per year) to process applications, produce licenses, answer inquiries, and related data entry; 2 FTE Investigators II (at \$31,992 per year) to handle complaints against licensees and coordinate background checks with the Highway Patrol; 1 FTE Legal Counsel (at \$41,352 per year) to represent INS at hearings and appeals concerning licensing and disciplinary actions; and 1 FTE Clerk Typist II (at \$18,756 per year) to provide overall clerical support for the new section. In addition, INS estimates one-time contract computer programming costs and equipment costs of \$141,000 to develop mainframe database and equipment the department would require for producing licenses. INS estimates printing and postage costs at \$5,000 per year. INS assumes fingerprint cards would be sent to the Highway Patrol for background checks at an estimated cost of \$15 per background check. Although not addressed in the legislation, the department assumes annual renewal of licenses. Fees were not addressed in the legislation, so INS has made no assumptions regarding fees. INS estimates the total cost of the proposal to be \$704,508 in FY 04; \$643,163 in FY 05; and \$660,275 in FY 06.

The MHP assumes the proposed legislation would affect Total State Revenue from the fingerprint processing fees by the Patrol's Criminal Records and Identification Division.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
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GENERAL REVENUE FUND

Costs – Department of Insurance

Personal Service (11 FTE)	(\$252,745)	(\$310,876)	(\$318,648)
Fringe Benefits	(\$102,286)	(\$125,812)	(\$128,957)
Equipment and Expense	(\$349,477)	(\$206,475)	(\$212,670)
<u>Total Costs</u> – Department of Insurance	<u>(\$704,508)</u>	<u>(\$643,163)</u>	<u>(\$660,275)</u>

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$704,508)</u>	<u>(\$643,163)</u>	<u>(\$660,275)</u>
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**CRIMINAL RECORDS SYSTEM
FUND**

Revenues – Missouri State Highway
Patrol

Fingerprint Fees (State)	\$116,667	\$140,000	\$140,000
Fingerprint Fees (Federal FBI)	<u>\$200,000</u>	<u>\$240,000</u>	<u>\$240,000</u>
<u>Total Revenues</u> – MHP	\$316,667	\$380,000	\$380,000

Costs – Missouri State Highway Patrol

Personal Service (1 FTE)	(\$20,920)	(\$25,732)	(\$26,375)
Fringe Benefits	(\$10,542)	(\$12,966)	(\$13,290)
Federal FBI fingerprint fees	<u>(\$200,000)</u>	<u>(\$240,000)</u>	<u>(\$240,000)</u>
<u>Total Costs</u> – MHP	<u>(\$231,462)</u>	<u>(\$278,698)</u>	<u>(\$279,665)</u>

ESTIMATED NET EFFECT ON CRIMINAL RECORDS SYSTEM FUND	<u>\$85,205</u>	<u>\$101,302</u>	<u>\$100,335</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
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\$0

\$0

\$0

FISCAL IMPACT - Small Business

The proposed legislation could have a fiscal impact on small businesses.

DESCRIPTION

The proposed legislation would require security guards and security guard firms to be licensed by the Department of Insurance.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Public Safety
– Missouri State Highway Patrol
Department of Insurance
Office of Secretary of State



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Director
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